Mark Young
New York Metro
Sales Region

May 15, 1996

Mr. Dirk Herrman

Subject: **Bronx / Harlem Moonlight Activity**

Dear Dirk,

As we discussed earlier this week, DM Grossberg's two week "*IceBox*' Blitz in the Bronx and Harlem area, will result in gaining initial distribution in approximately 1,800 of the 2,200 retail calls in this small 5 mile by 8 mile area of the city. This overdeveloped menthol area (+60% menthol SOM) and Newport area (50% SOM) currently produces approximately a 7.5% share for all of RJR brands.

We are now at a crossroads, and we have to make a decision on what exactly will be our next step for *IceBox*:

- ❑ *Allow IceBox to seek it's own level after our two week focused blitz of the 1,800 retail stores .....*

OR

- ❑ *Aggressively treat IceBox as our third Full Price Priority brand (Winston...IceBox...Salem) in this truly underdeveloped RJR market.*

If we allow *IceBox* to "seek it's own level", then we will not need any additional support from Moonlight. We will do our best to maintain IceBox in the approximately 600 stores that our Sales Representatives currently call on (out of the 1,800 worked with IceBox).

But, if we decide to "Go for the Competitive Menthol Business" aggressively with *IceBox*, then we will need your help with support materials to gain Big Brand Presence in these inner city neighborhoods. We'll also have to develop a specific action plan to continue the consumer trial momentum (workplan promotions / retailer stocking incentives).

SUPPORT MATERIALS		
* *IceBox* pasters (more of current style)	3rd Qtr.:	6,000 pasters
	4th Qtr.:	6,000 pasters
* *IceBox* riser cards (sm.PPD/new)	3rd Qtr.:	2,000 risers
	4th Qtr.:	2,000 risers
* *IceBox* Banners (new)	Total:	800 banners
* *Moonlight* Lg.Door decals	Total:	2,000 decals
* *IceBox* "Pack" Replica display (new)	Total:	400 displays

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WORK PLAN

After our discussion, you commented on the desire not to buy-down or use buy-somes. I can personally understand the objective of unique vs. buying the business. However, with Kool/Newport running on-going discounting ($.40 / $.30 per pack) or the numerous 1-pack premium offers, we need some type of flighted promotion to reward our new customers that will repurchase IceBox, or just try it for the first time.

Excluding our desire for B1G1F promotions, listed below is our opinion of a workplan that will support IceBox without buying the business:

- ❑ Summer: *Work store sales in the Bronx neighborhoods with special Moonlight or IceBox premiums .... ie:hats, T-shirts, lighters, etc.*
- ❑ July to Dec: *Consumer offer: "Free pack of IceBox when you turn in 3 empty packs" (SR's to work in selected retail stores).*
- ❑ Flighted : *Consumer offer: "Free Moonlight Lighter with 1 pack" (1,200 sku's of 20 lighters per sku).*

The primary part of this *IceBox* workplan is centered around the "*Free pack of IceBox when you turn in 3 empty packs*", which quite honestly we can begin working immediately. The free packs can be paid utilizing the current $1 Moonlight payment in the Sales Representative's Laptop's. We feel this is an excellent promotion in terms of implementing and most importantly, giving the consumer an incentive to make IceBox their NORMAL everyday brand. This will also create demand for the new product and force the retailer to keep it in stock ..... which is our biggest problem for any RJR brand in this marketplace.

The premiums for the "sidewalk" store sales as well as a flighted 1 pack Lighter Promotion, are geared around building additional consumer trial in the initial phase of creating a big brand image for IceBox in the neighborhoods.

RETAILER STOCKING INCENTIVE

To maintain *IceBox* in these lower volume calls, we need the flexibility to work ***ONE*** of the following recommended programs ***IF NEEDED***, to gain and maintain distribution:

* Have the retailer save empty cartons to receive a $1.50 payment per carton.

OR

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* Be able to offer a retailer a FREE carton of IceBox if the call is made and the Sales Representative finds both styles of IceBox in stock, displayed, and the IceBox advertising still up.

OR

* An on-going offer for any retailer to buy 4 cartons of Moonlight from the Sales Representative and receive one free.

OR

* Just simply use NONE of the above offers if the store is stocking IceBox with good inventory levels, and maintaining the product on display.

Dirk, as you can see, we think this brand has tremendous potential in the Bronx / Harlem area, if we work it hard for an extended period of time. It's not complicated doing business in this area, it's just basic selling ..... nothing fancy. These recommendations, in our opinion, will provide us with the total program necessary to truly evaluate the potential of *IceBox*.

I'll look forward to talking to you in the future about this proposal. In the meantime, if you have any questions, please give me a call.

Sincerely,
Mark Young

cc: Dave Wilmesher
Steve Grossberg

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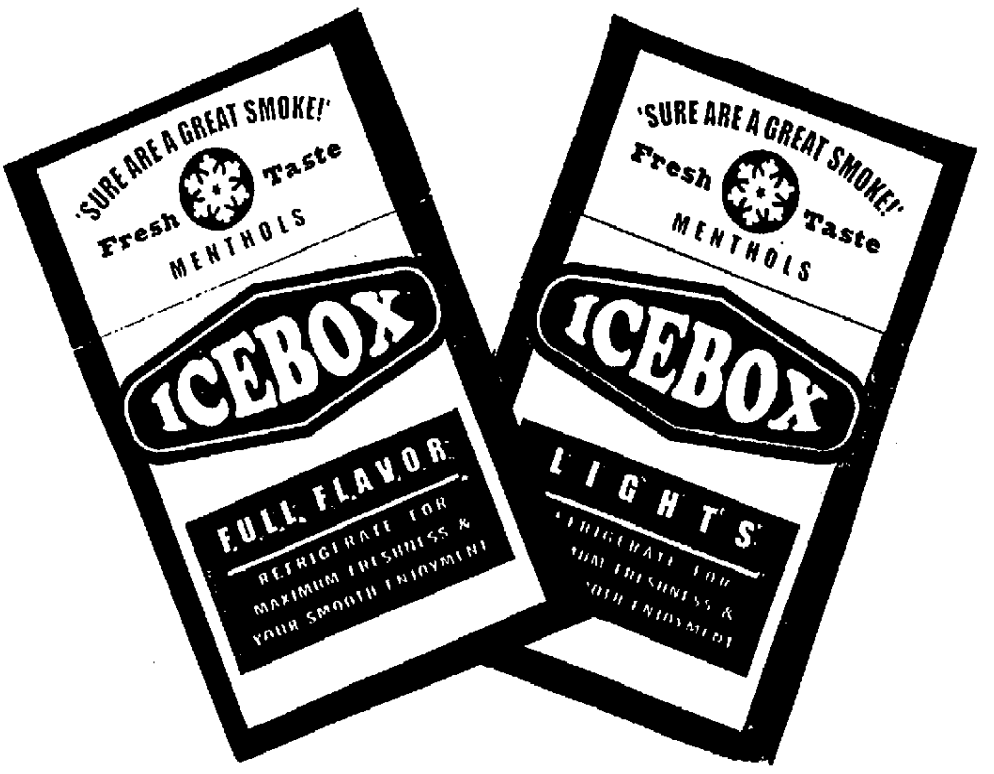
'SURE ARE A GREAT SMOKE!'

ICEBOX

Moonlight DPC Offer

- Bronx area Sub-Jobbers only
- 2 carton Shipper / IceBox
- $7 per display payment
  - * $1 to the Sub-Jobber for packing
  - * $6 to the Retailer / off invoice
- Timing: June / then we'll evaluate success
- Flyer for each Sub-Jobber / attach to Invoice



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"Special Offer"

(For June or While Supply Lasts)

'SURE ARE A GREAT SMOKE!'

ICEBOX

Moonlight Tobacco Company's New

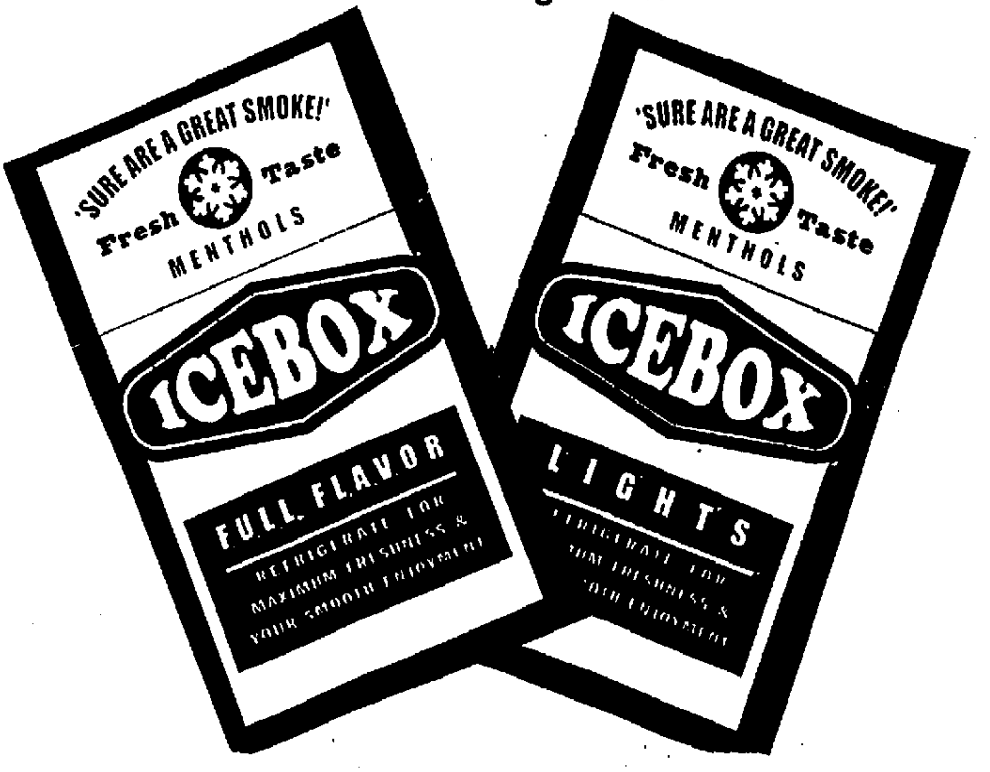
"IceBox" Cigarettes

(Full Flavor Box and Light Box Menthols)

$6 off when you buy 2 cartons!

2 carton Display:

- ☐ 1 carton of Full Flavor Box
- ☐ 1 carton of Light Box



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